

DASCHLE UNVEILS THE SENATE DEMOCRATIC PLAN TO CREATE JOBS AND RESTORE ECONOMIC GROWTH

“At this moment, we need an economic plan with the single, overriding goal of helping the economy, and helping the economy now.”

-- Democratic Leader Tom Daschle [1/24/03]

Today in a speech at the City Club of Cleveland, Democratic Leader Tom Daschle will unveil a new plan to help turn our economy around this year by promoting economic growth and creating jobs. The Senate Democratic plan advances three common sense principles: it includes immediate tax cuts to promote economic growth and a return to job creation this year; it focuses on middle class families; and it is fiscally responsible in the future, maximizing our nation's flexibility to address the security and demographic challenges of the future.

CREATING JOBS, RESTORING GROWTH: A REAL ECONOMIC STIMULUS

The Democratic plan puts money into the hands of the people who will spend it, provides tax incentives to businesses to invest and create jobs immediately, and channels money to states and local governments to head off state tax increases and cuts to critical state services. The plan is based on proposals put forth by Senator Max Baucus and is similar to the plan proposed by the House Democrats. The Democratic plan provides more than three times the economic stimulus in 2003 as compared to the Bush plan, but at a fraction of the 10-year cost. The Democratic plan provides \$141 billion in 2003 and \$112 billion over 10 years.

The Democratic plan will provide a real economic stimulus by:

PROVIDING FINANCIAL RELIEF FOR FAMILIES

- **An immediate broad based tax cut.** This new tax cut, which provides \$300 for each adult in a family and \$300 for the first two children, will be available for all people who work, including those who have payroll tax but not income tax liability. This proposal will provide a \$1,200 tax cut for a family of four. This tax cut will return \$71 billion to American taxpayers in 2003 – more than twice the amount invested in the economy by the entire Bush ‘stimulus’ package in 2003.
- **Unemployment insurance.** This proposal would extend unemployment benefits to the 1 million people who have exhausted their benefits but still cannot find work. It will also provide benefits to part-time workers and some low-wage workers.

PROVIDING TAX RELIEF FOR BUSINESSES

- **Tax incentives to encourage businesses to invest and create jobs.** The Democratic plan includes:
 - Encouraging business investment. The current multi-year bonus depreciation, which allows businesses to deduct 30 percent of the cost of new equipment, would be replaced with a 50 percent bonus for just this year to encourage immediate investment and job creation.
 - Tripling the amount small businesses can expense immediately in 2003. This proposal would triple the amount of investments small businesses can write off immediately to \$75,000 in 2003.

- Small business health tax credit. Nationwide, small businesses are struggling to keep their employees insured while cash is tight and health care costs are rising. Democrats are proposing a 50 percent tax credit in 2003 to help small businesses pay their share of health insurance premiums.
- Broadband tax credit. This proposal provides up to a 20 percent tax credit in 2003 for businesses investing in broadband high-speed Internet infrastructure, focused in rural and under-served areas.

PROVIDING FINANCIAL AID TO STATES

- **\$ 40 billion in immediate aid to state and local governments.** States face the worst fiscal crisis in a half-century. Most states have legal requirements to balance their budget each year. This has forced states to cut critical services and raise taxes – the opposite of what the economy needs right now.

The Democratic proposal would:

- Provide \$15 billion for states and localities – no strings attached. This proposal would provide \$15 billion, to be divided among states and localities, with no preconditions on the funding. Twenty percent of this funding will be immediately passed through to local governments.
- Provide \$5 billion for ‘hometown’ security. This proposal would invest \$5 billion in key homeland security priorities, including funding for the smallpox vaccine program, efforts to synchronize police and fire communications systems, emergency planning, and transit security. It would put 25,000 new police officers, firefighters, EMTs, and other first responders on the street.
- Provide \$6 billion to keep the promise of No Child Left Behind. This proposal fully funds the major programs in the No Child Left Behind Act. It will ensure that every classroom is led by a highly qualified teacher; fund after-school and summer school programs to keep kids safe when they are out of school; and fund programs to help rural schools address their unique challenges.
- Provide \$10 billion to offset the increased costs of state Medicaid programs. This proposal will help states avoid scaling back Medicaid eligibility and benefits by providing \$10 billion through a temporary increase in the Federal Medicaid matching rate.
- Provide \$4 billion for infrastructure. This proposal would provide \$2.9 billion in additional funding for highways; \$700 million for mass transit; and \$400 million for airport construction. State matching requirements will be waived.

STANDING FOR FISCAL RESPONSIBILITY

- **Long-term fiscal responsibility.** The Democratic stimulus is restricted to 2003, when the economy is weak and it is needed. In addition, the plan would also extend the pay-as-you-go budget requirements, a key mechanism used to enforce responsible budgeting.
- **Strong corporate governance.** This proposal will crack down on corporate tax shelters, including corporate inversions.